7

USAID REMAINS A PREMIER BILATERAL DEVELOPMENT AGENCY

I. INTRODUCTION

USAID strives to remain a premier bilateral development agency, indeed to be the best development agency in the world. Being best doesn't mean being the biggest or most assertive, but rather the most dynamic and productive. It means leading the development community in responding to the most significant challenges, identifying the most worthwhile objectives, operating the most efficiently and effectively, being recognized as a valued partner, achieving success in the majority of activities, and having the greatest possible impact.

As a premier development agency, USAID's influence far exceeds the scale of its development funding. USAID contributes not only to development but also to broader U.S. national and foreign-policy interests. The United States' diplomatic, economic, and military preeminence in the post–Cold War era helps USAID achieve this. By the same token, USAID helps the United States maintain its preeminence by remaining a premier development agency.

Since its founding in 1961, USAID has been a leader and innovator, pioneering research and development in basic education, child survival, conflict prevention, democratization, economic liberalization, the green revolution, population planning, and other development successes. For over 25 years, it has been a leader and innovator among development agencies supporting women in development. The Agency has also led the way in improving management of development assistance. It has reengineered its business processes, promoting results-based management. It is working to create more effective partnerships, apply new information technologies, and develop new performance-based procurement mechanisms. It is one of the most decentralized, field-based, bottom-up, and least bureaucratic of the major development donors.

To remain a premier development agency into the 21st century, USAID must overcome significant challenges.

USAID must adapt to the changing political and economic context of U.S. foreign policy. A newly emerging global economy and the rise of worldwide environmental and health concerns mark part of that change. Increasingly, there is a need to manage "failed state" transitions, and with this need comes growing importance of work to prevent conflict and promote reconciliation. There is also an increasing demand for assistance in recovery from and mitigation of man-made and natural disasters. At the same time, opportunities to work with nongovernmental entities are expanding, and private organizations are increasing their capacity to contribute to development.

USAID must increase its efficiency, flexibility, and consistency of purpose in the face of shrinking staff and declining budgets.

USAID must respond to increased congressional demands for accountability and impact, as reflected in the Government Performance and Results Act, the Government Management for Results Act, and related legislation.

Being best doesn't mean being the biggest or most assertive, but rather the most dynamic and productive.

USAID must collaborate more effectively with other donors and partners to enhance the effectiveness of combined resources in achieving shared objectives.

USAID addresses these challenges by pursuing two performance objectives:

AGENCY GOAL SEVEN

USAID Remains a Premier Development Agency

Agency Objective 7.1

Enhanced Leadership to Achieve Development Results

Agency Objective 7.2

Enhanced Management Capacity to Achieve Results and Deliver Assistance Resources

Enhanced Leadership to Achieve Development Results

USAID has long provided substantive vision and technical leadership for the development community, playing a central role in identifying emerging problems and crafting effective policies to address them. It has been a leader in mobilizing innovative partnerships at the community, national, and international level. Recently, USAID led efforts to address such challenges as democratization, economic and political transitions, global climate change, infectious diseases, food security, and postconflict reconciliation. USAID pioneered new approaches to measuring performance, learning from experience, and managing for results that have been widely adopted by the development community.

Enhanced Management Capacity to Achieve Results and Deliver Development Assistance Resources

USAID's management reforms are critical to achieving its sustainable development goals. The reforms are designed to make the Agency more responsive, efficient, and effective in delivering development assistance resources. After a senior staff retreat in June 1997, USAID concentrated on reforming its procurement processes for acquisitions and assistance, addressing critical personnel needs and better allocating the Agency's limited work force. USAID also created a new top-level management council to make senior decision-making more effective in controversial or complex matters. In FY97 and FY98 the Agency worked on strengthening program operations (including systems for measuring and reporting results and allocating resources), financial management, and management information systems.

This chapter presents a detailed examination of the activities and accomplishments under the two performance goals. Because the results of USAID's efforts to remain a premier development agency are often more immediate and because more recent data are available, this chapter includes information from FY98 as well as FY97. Trend data illustrating the impact of Agency learning is presented whenever possible.

II. ENHANCED LEADERSHIP TO ACHIEVE DEVELOPMENT RESULTS

USAID's development programs achieve substantial direct results, but its leadership of the development community leverages far more resources. The Agency steers worldwide development assistance along more effective channels by developing and promoting better technologies, crafting more appropriate policies, establishing more harmonious partnerships, and improving performance measurement and evaluation. This not only contributes to USAID's development goals but also supports broader U.S. policies and interests. The Development Assistance Committee of the Organization for Economic Cooperation and Development recognized the Agency's distinctive leadership in a 1998 review of U.S. assistance. The special role of USAID and its senior managers in the Tidewater Conference, (an annual meeting of development donors), the Trans-Atlantic Dialog with the European Union, and the Development Assistance Committee itself are manifestations of this leadership.

Research and Technical Leadership

USAID exercises its technical leadership through the research it supports, the technology it develops, and the technical capacities it maintains. These investments strengthen the Agency's technical capabilities, broaden its strategic vision, enhance its partnerships, and improve its performance. This section examines the significance of USAID investments in research and technical leadership.

USAID funds applied research, technology development, and technology transfer to provide the most up-to-date methods of addressing country, regional, and global problems. This often produces new products or tools that have a direct impact on development. Sometimes it produces breakthroughs—from super-rice to oral rehydration, improved vaccines, microfinance, distance learning, civil society strengthening, to alternative energy—that have had an enormous impact on people's lives throughout the world:

- The Agency demonstrated the impact of vitamin A supplements on child mortality and led an initiative, joined by other donors, to ensure that in five to seven years 80 percent of at-risk children will have sufficient vitamin A intake, with an expected 20 percent reduction in child mortality.

- USAID developed plastic "dots" on vaccination vials to show whether the vaccine has been exposed to heat and therefore inactivated, increasing efficient use of scarce and expensive vaccines.

- USAID improved analytical frameworks for assessing the role of development assistance in post-conflict reconciliation.

- The Agency facilitated FDA approval and rapid field introduction of the "female condom," which had not yet been commercialized. Introducing it in Zambia and Zimbabwe should significantly reduce unwanted pregnancies and retard the spread of sexually transmitted diseases, including HIV/AIDS. This product

is also sold in the United States, demonstrating the value of USAID's research to domestic issues.

• USAID continues to provide long-standing support for agricultural research and technology, which has been crucial in developing new crops, farming methods, and agribusiness.

In addition, USAID has played a prominent role in promoting the use of information technology in development. With the creation of the Agency's strategic plan in FY97, USAID formally recognized the roles of information and information technologies. The Agency's work on information technology complements several of the objectives of the interagency U.S. Strategic Plan for International Affairs. USAID contributed to that plan's objectives by helping build advanced electronic warning systems to detect famine, enhancing international communications cooperation, and improving and expanding broadcasts and information programs.

In FY97, the Agency began to review its many information and information technology programs and their accomplishments. In FY98, an initial Agencywide inventory of those program activities revealed several development applications:

• The Agency spurred modernization of developing countries by using information technology to link public and private institutions, from local to national levels.

USAID has played a prominent role in promoting the use of information technology in development.

• USAID built institutional capacity for technology-based delivery of services, such as education, finance, and health.

• USAID strengthens nation-building by supporting the free flow of information, to strengthen civil society, for example.

• Agency programs enhance communications and cooperation among development partners and developing countries.

• USAID programs empower individuals and communities to access the knowledge they need for their education, health, and economic and democratic well-being.

USAID contributes to U.S. government-wide information technology efforts in several ways. The Agency, for example, actively promotes the U.S. global information infrastructure and the principles of open and universal access in all its endeavors. USAID's comparative advantage lies in working with developing countries and in supporting telecommunications infrastructure (including policy reform) as well as information technology-related development applications. For example, the Agency's Leland Initiative, begun in FY96, has already substantially improved information technology policy and use in more than a dozen African countries.

In recent years, USAID supported initiatives such as the National Health Information System in Niger, and helped reestablish and expand the database for the new Food Security and Market Information System in Rwanda. The Agency helped set up electronic

accounting in Georgia's central banking system, and installed management information systems in Nicaragua's Central Ministry of Education. In building civil society in Lithuania, USAID strengthened the independent media. These activities illustrate how USAID helps expand the global information infrastructure and broaden its benefits. Other examples of the use of information technology to achieve USAID's objectives are in the goal area chapters.

USAID has long played a role in strengthening the capacity of U.S. institutions to conduct development research. It has also helped create and support international institutions, such as agricultural research centers. In FY97 and FY98, for example, USAID supported numerous university partnerships to strengthen research training and technology development, particularly in agriculture, health, and population. This included support for such major efforts as Historically Black Colleges and Universities, the Collaborative Research Support Programs, and the Child Health Research Program. In FY98, USAID also launched a new university partnership program aimed at strengthening higher education institutions in host countries.

USAID also has a role in synthesizing best practices, disseminating lessons learned, and developing collaborative frameworks for addressing problems. USAID has fostered innovations in information and communications to strengthen research networks, facilitate collaboration, enhance information exchange, and increase the payoff from other research and training investments. In FY97 and FY98, for example, USAID convened an international con-

ference on girls' education, co-sponsored with the InterAmerican Development Bank, The World Bank, the Lewis T. Preston Foundation and UNICEF which utilized the most recent research findings to strengthen private–public partnerships to improve girls' education. USAID-sponsored seminars and research on Asian financial markets, the economics of carbon-based pollution, and the private provision of infrastructure helped guide U.S. responses to the Asian financial crisis.

In FY97 and FY98, the Agency also mobilized innovative research partnerships, including the recent creation of the Human Rights and Peace Center in Uganda (a joint effort of the University of Florida and Makerere University), and a new public–private telecommunications policy dialog, which engages U.S. private industry and federal agencies on regulatory issues impeding free-market investment in telecommunications overseas.

Training is one of USAID's most powerful tools for strengthening technical capacity. Indeed, training is part of the strategy for achieving many strategic objectives in nearly all USAID-assisted countries. The Agency works to ensure that such training is carefully planned, technically sound, efficiently delivered, and continuously improved. During the past two years, USAID made significant headway in improving training management, developing more effective partnerships, and enhancing host country training capabilities:

• In FY97, USAID developed and tested a new, standardized, easy-to-use training management software system (TraiNet) that was distributed worldwide in FY98.

- The Agency promoted the use of upfront stakeholder agreements (1,356 in FY98) that clearly describe intended outcomes, roles, and responsibilities to ensure that training is applied when trainees return to their host countries. Follow-up surveys indicate approximately 80 percent of recent participants applied their training on the job and that nearly all of them did, in fact, return home.

- USAID explored new ways to strengthen training in host countries as an alternative to more expensive U.S.–based training, including more distance training to extend U.S.–developed curricula to host countries electronically.

Supporting Access for People With Disabilities

In FY97 and FY98, the Agency's Disability Team reached out to several donors, other federal agencies, and the disability community to coordinate programs involving disabled women, disability research, and overall donor activities. Through these exchanges, USAID established itself as a leader in the community. One Mission, for example, initiated three new disability-specific grants. The Global Bureau established a contract to fund participation in the Fifth World Assembly of Disabled People's International, one of six global organizations that serve as consultants to the United Nations on disability issues. Members of the disability team have broken new ground in ensuring that disabled students are eligible to participate in USAID's participant training. The World Institute for Disability, a leading NGO in this sector, recognized the Agency for these accomplishments at an awards ceremony.

- The Agency adopted new policies to ensure that persons with disabilities can participate fully in all Agency-supported training opportunities.

Strengthened Partnerships

USAID's ability to achieve results depends largely on the quality of the partnerships it forges and facilitates. From the day-to-day delivery of grass-roots services to intergovernmental collaboration on international mandates, the Agency has as partners a diverse array of institutions. It forms partnerships with other donors to ensure that policies are harmonious, goals consistent, and programs complementary. Partnerships formed with host country governments ensure that USAID's objectives are fully understood and supported, and that the Agency's programs contribute as much as possible to host country goals. It forges partnerships with private voluntary organizations, nongovernmental organizations, educational institutions, and businesses to ensure a commitment to common strategies and tactics. Effective partnerships not only ensure greater consistency of purpose and action but also multiply USAID's own capabilities and resources.

While effective partnerships are essential, they are not always easy, given divergent national and organizational interests. It takes time and effort to negotiate shared commitments to common goals and strategies among sovereign nations. It takes continuing attention to keep them on track. Many PVO, NGO, and private sector partners often perceive USAID as an overbearing bureaucratic overseer, rather than a

teammate. Not all of USAID's partnerships work as well as they should, but the Agency has been working hard to make them more successful.

The Agency identified three partner-centered objectives in its FY99 performance plan:

1. Expand the Organization for Economic Cooperation and Development agenda of agreed-on development priorities.

USAID strongly supported the development of the OECD Development Assistance Committee's 21st Century Strategy, which provides a **common framework among donor agencies** for structuring assistance relationships. This approach has now been endorsed by the OECD at the ministerial level, and by the G-8 heads of state of the leading eight industrialized democracies. USAID's top management has strongly supported it in the Development Assistance Committee (DAC), at the Tidewater Conference of public sector donors, held in June 1998, and in high-level bilateral and multilateral discussions. The DAC and the World Bank are monitoring performance at the country and global level, and the DAC is incorporating individual donor performance in the 21st Century Strategy in its periodic peer reviews.

Strengthening coordination with other donors is essential to achieving U.S. foreign policy objectives in developing countries. Shared priorities and a common commitment to agreed-on results have become necessities, because of diminishing resources, increasing attention to sustainable results, and a broadening set of demands (including increased humanitarian, conflict prevention, economic and political transition, and global problems). Donors must seek new ways to share program and policy information, to divide up labor within strategic frameworks, and to enter into results-based partnerships with host countries. Countries, in turn, must be disciplined by clear performance standards that are effectively monitored.

During FY97 and FY98 the Agency took several steps to strengthen donor coordination:

• Establishing mechanisms to advance **public–private partnerships** within the U.S.–Japan Common Agenda, the U.S.–European Union New Transatlantic Agenda, and similar World Bank initiatives.

• Mobilizing increased donor financing and greater policy coherence in **postconflict responses** (particularly in the Philippines and Indonesia), negotiating a donor statement of principles for postconflict rehabilitation, and establishing a donor network on peace-building and postconflict responses.

• Marshaling donor consensus and action around common performance indicators and **development targets** based on the DAC's 21st Century Strategy.

• Supporting implementation of the **DAC 21st Century Strategy** in the field, USAID launched pilot efforts in Latin America and Africa and held a workshop on democracy in Africa. The G-8 Summit strongly endorsed commitment to the goals of that strategy.

- Managing the U.S. government dialog for the triennial **DAC review** of U.S. development assistance programs, which was highly favorable.

- Expanding cooperation with the **European Commission** under the umbrella of the New Transatlantic Agenda, especially in the regions of Europe and the new independent states and Latin America and the Caribbean. In particular, the Agency has fostered cooperation on El Niño, the development aspects of global climate change, and democracy and civil society.

- Working with other donors, particularly the **Inter-American Development Bank**, in responding to critical development issues identified at the Summit of the Americas. These included the Presidential Initiative on Food Safety, initiatives on education and micro-enterprise, and core labor standards to protect workers' rights and improve labor-management relations.

- Supporting the **Sahel Regional Program** and the Permanent Interstate Committee for Drought Control in the Sahel and in the "Club du Sahel" system, one of the most successful host country-donor collaborations in Africa. Created to coordinate food aid and other emergency resources in the Sahel, the interstate committee now does environmental monitoring and early warning. It also conducts research, develops policy and strategy, and does policy analysis and planning.

2. Channel more USAID-managed development assistance through strengthened U.S–based and local nongovernmental organizations.

While host governments are primary development partners, PVOs and NGOs are often the most effective at implementing development assistance, particularly at the grass-roots level. Vice President Gore made a commitment in 1995 for the United States to program substantially **more development resources through U.S.–based and local nongovernmental organizations**. USAID then determined it would channel 40 percent of its development assistance through such organizations. In FY97, the Agency obligated 34 percent of its development assistance through private voluntary organizations and NGOs, up from 31 percent in FY95.

USAID's New Partnerships Initiative (NPI), also announced by Vice President Gore in 1995, **strengthens intersectoral partnerships** by increasing local groups' capacity to work together to solve community problems. The initiative builds on local efforts to mobilize resources. It aims to facilitate community engagement and build a network of alliances that will sustain development after donors depart. A wide array of nongovernmental groups and business and government representatives were involved in developing the NPI Resource Guide, which was completed in January 1997, following an intensive pilot effort in 15 countries in 1996. The guide articulates a strategic approach to local intersectoral partnerships and provides a set of programming tools.

USAID **strengthens partnerships with U.S. PVOs** and helps them enhance their effectiveness through competitive grant programs. Reflecting the Agency's management reforms, grant selection criteria have recently been revised. They now place a heavier emphasis on improving PVOs' management and technical capacity and upgrading monitoring and management systems. The criteria also encourage more partnerships with local NGOs, local governments, USAID Missions, and other PVOs. Finally, they enhance sustainability by diversifying PVO funding and resource bases. This emphasis on partnership and results is paying off:

- By FY97, about half the USAID-supported PVO programs had community financing or cost recovery mechanisms to continue service delivery beyond USAID funding.

- During FY97 and FY98 USAID collaborated with PVOs in host countries to develop and implement a new self-assessment instrument, called DOSA, to assesses PVO organizational strengths and weaknesses in six areas. Demand for this instrument has skyrocketed. Numerous organizations (including Ben Gurion University, CARE, the Johnson Foundation, and the UN Development Program) have adapted it for use by their partners. The number of monthly visitors to the DOSA Web site rose from 90 in June 1997 to 1,039 in March 1998.

- In 1996, only about half of USAID-funded PVO agreements included a local partner. By 1998, 75 percent had them. In 1996, only 55 percent of PVO agreements transferred funds to local organizations; in 1998, 64 percent included such transfers.

Partnership in Action

During the last 18 months, USAID has used the New Partnerships Initiative (NPI) approach to strengthen its ability to forge and maintain partnerships with a variety of development practitioners and nongovernmental groups. The Agency has held public seminars and workshops, launched a New Partnerships website (which receives more than 1,000 "hits" per month), and included the initiative in R4 guidance and the Agency Strategic Plan. USAID/Guinea, for example, reported that "in conjunction with the NPI approach, grass-roots civil society activities have produced results beyond our expectations, startling skeptics . . . the benefits already attained in areas such as school enrollment, improved maternal child health care, [control of] sexually transmitted infections and AIDS prevention and care, and environmental safeguards can be increased geometrically with the slightest encouragement of civil society participation, particularly as the government of Guinea is actively encouraging such activity."

- With USAID encouragement, PVO memberships in formal networks and associations increased by 21 percent in FY97.

U.S. institutions of higher education—community colleges, land grant universities, minority institutions, and private and public universities—are a national resource. They are experienced in international development and offer a wealth of technical expertise to overseas counterparts. USAID seeks to **strengthen U.S. institutions of higher education** to enable them to be more effective partners with educational institutions abroad and to improve their effectiveness in responding to indigenous needs.

During FY97 and FY98 USAID took several steps to strengthen its higher education partnerships. It held **policy roundtables** to examine innovative

practices, such as consortia of higher education, business, and government. It created a **searchable database** of international expertise on U.S. campuses. It initiated **outreach and dialog** with the U.S. higher education community, including numerous meetings of higher education representatives and senior USAID officials. The Agency also **fostered linkages** with minority institutions (Historically Black Colleges and Universities, Hispanic Serving Institutions, and Tribal Colleges) and community colleges.

One of USAID's more innovative approaches to partnership has been **Lessons Without Borders,** begun in 1994. Under this program, USAID teams up with local, state, and private organizations to apply the tools and techniques of development to solving U.S. problems. The program hosted two conferences during 1997–98, one on rural enterprise in Knoxville, Tennessee, and one on international women's business in Chicago, Illinois.

USAID is an active participant in the President's Inter-Agency Council on Women, which was established by President Clinton following the 1995 UN Fourth World Conference on Women in Beijing. The council is intended to implement the platform agreed to at that conference. It is chaired by Secretary Albright, and includes representatives of all major government agencies, including USAID participation at the Assistant Administrator level.

> **USAID teams up with local, state, and private organizations to apply the tools and techniques of development to solving U.S. problems.**

3. Increased coordination among U.S. government agencies contributing to sustainable development.

USAID's Strategic Plan is linked to the Strategic Plan for International Affairs, and supports its objectives. USAID also coordinates its policies, plans, and initiatives with federal agencies, as appropriate. USAID's Disability Policy Paper and Action Plan, for example, was shared with the Department of Education, the Department of State, the National Institutes of Health, the United Nations, the World Bank, and many disability groups. The Agency is now considered the front-runner on the international dimensions of disability.

USAID drafted its Higher Education Policy and Action Plan in close consultation with higher education partners and with extensive collaboration from the Departments of Agriculture, Commerce, Education, and Labor, and the U.S. Information Agency, the National Institute of Health (NIH), the Smithsonian, and others. The Agency shaped its initiative to combat infectious diseases in consultation with the Centers for Disease Control and Prevention, the Departments of State and Defense, the National Oceanic and Atmospheric Administration, NIH, the White House, and other agencies.

USAID also provides leadership for the president's interagency Initiative on the Greater Horn of Africa, which has forged a partnership among the Horn's 10 member states and principal donors to improve food security and work collaboratively on conflict prevention, mitigation, and resolution.

Improved Policies

Successful development assistance requires policies with certain ingredients. They must be clear and consistent, they must be at the cutting edge of development theory, and they must reflect the experience, learning, and best practices from the field. In addition, they must express the interests and priorities of the U.S. government and mirror the values of the American people. Policies that meet these criteria clarify USAID priorities and inform strategic decision-making. They help the Agency develop more appropriate programs, identify more effective strategies and tactics, and work more harmoniously internally and with partners.

Previous chapters address the principal findings and implications of policies developed or reviewed in FY97. The rolling agenda of policy studies planned for FY99 and FY2000 (including a Nonpresence Policy and a Food Security Policy Statement) is described in USAID's Annual Performance Plan. This section looks at USAID's broader policy development process.

• **Policy Development**

USAID's strategic plan and annual performance plan are the framework for reviewing strategies and developing policies to achieve the Agency's performance goals. Policy analysis synthesizes evaluation, implementation, research, and other data to clarify issues, opportunities, strategies, and alternatives for development programs. Policy studies involve analysis and research as well as dialog within and outside the Agency, participation in the country

strategy reviews and "R4s"—the annual country performance report submitted to Washington—informal consultations, workshops, and policy roundtables. In FY98 these analyses culminated in a formal review of policies and strategies for each of the Agency's seven goal areas and cross-cutting issues, which are expected to be repeated annually.

In FY97 and FY98, the Agency developed policies for basic education, disability, and higher education community partnerships. It also refined policy guidance on endowments, micro-enterprise, and nonproject assistance and developed an infectious disease strategy. Policy guidance captures the results of evaluations, such as those on girls' and women's education and on capital lending, and also provides guidance for new efforts, such as the infectious disease strategy and global climate change action plan. Policy guidance can facilitate innovative programming, particularly in areas that cut across more than one USAID goal. The Greater Horn of Africa Initiative action plan, for example, is the framework for integrated strategic planning for crisis prevention and food security.

Research investments often contribute to better development policies. In collaboration with the Pan American Health Organization, UNICEF, and the World Health Organization, for example, USAID pioneered an integrated management of childhood illness strategy based on biomedical and behavioral research largely funded by USAID. Building on other research, USAID is working with partners on a new infectious disease initiative aimed at reducing drug resistance.

- **Policy Coordination**

Strong coordination of strategic planning and policy development outside USAID is critical to its remaining a premier development agency. The Agency participates in interagency policy groups such as the National Science and Technology Council committees. This helps ensure that USAID's development perspective is considered. The Agency also coordinates with the European Union and other donors on almost all issues, including crisis prevention. It collaborates with the U.S. Department of Agriculture and other donors on food security and implementing the World Food Summit action plan. It participates in the United States–European Union Task Force on Emerging and Reemerging Infectious Diseases. In addition, it provides leadership for the DAC working groups on global climate change and on trade.

- **Goal Reviews**

In FY98, the Bureau for Policy and Program Coordination conducted the Agency's first comprehensive policy reviews for the seven Agency goal areas, which identified ongoing issues to be incorporated in the Agency's evaluation and policy agendas. USAID plans to continue these reviews in FY99 and FY2000, linking them more closely to the Agency's broader programming processes and the analysis for the annual performance report.

Some new approaches cut across several Agency goals:

- *Food Security–Millennium Initiative.* Food security is central to USAID's integrated, sustainable development program, and agricultural research is one of the most effective and sustainable investments. USAID intends to continue to support these efforts and to expand agricultural research partnerships and technology transfers.

- *Infectious disease strategy.* In FY98 USAID approved an infectious disease strategy that concentrates USAID's efforts in four areas: containing antimicrobial resistance, reducing the incidence of tuberculosis, reducing deaths caused by malaria, and improving a country's surveillance capacity. Two are cross-cutting, because they address multiple diseases and multiple sectors. For example, the antimicrobial resistance component of the strategy includes analyses of the importance of a spectrum of factors that contribute to the emergence and spread of resistance. They include economic and commercial factors, therapeutic factors, nonhuman use factors (veterinary and agriculture practices), and behavioral factors.

- *Gender.* USAID strives to ensure an awareness of gender issues in every aspect of its business. In 1996, the Administrator issued an "Agency's Gender Plan of Action," which provides a mandated set of steps to ensure that all Agency planning and programming incorporate measures to address gender concerns, and that there are mechanisms in place to measure progress toward these goals. The Agency Strategic Plan, issued in September 1997, paid greater attention to gender issues, as stated in the preamble: "USAID is

committed to full participation by women and disadvantaged groups in all sustainable development activities. . . ." Other accomplishments include: 1) establishing a senior gender advisory role in the Policy and Program Coordination Bureau to ensure full consideration of gender in Agency policies, strategic planning and annual performance reporting; 2) including women in development issues in USAID's new employee training course; 3) issuing guidance for new grants and cooperative agreements mandating attention to gender concerns; and 4) establishing a Fellows' program to build a technical cadre with skills required to successfully integrate gender concerns in all aspects of planning, implementing, reporting and evaluation.

Specialists in the Office of Women in Development, as well as in the Agency's regional and central bureaus, provide sector-specific technical assistance to field Missions and participate in reviews of all operating units' strategic plans and performance reports. This helps ensure that gender issues are appropriately addressed and that sex disaggregated indicators are used, where feasible, to measure programs for both women and men. This report provides examples of how key gender issues and performance results are used in each of the individual goal area chapters. One of the highlights of this is the section in the Human Capacity Development chapter reporting the findings of a major Agency evaluation on girls' education.

More Effective Performance Measurement and Evaluation

To remain at the forefront of development theory and practice, USAID must be results-oriented, learn from experience, and continuously improve its programs. Since 1995, USAID has implemented profound management changes aimed at enhancing the Agency's ability to achieve results and create a learning culture. This effort has built on USAID's best practices in Agencywide performance measurement and evaluation to better link results to all levels of organizational decision-making.

Progress in improving measurement of performance and managing for results has not always been smooth. USAID, like other U.S. government agencies, has struggled to develop useful and meaningful performance goals and indicators consistent with the Government Performance Results Act. Some objectives and indicators, both at the Agency and operational level, are still too distantly related to USAID's actions. Some requirements for strategic planning and performance measurement are overly elaborate and bureaucratic. The Agency is, however, listening, learning, changing, and making progress.

- **Improving the Quality of Performance Data**

Effective performance monitoring is at the heart of the Government Performance and Results Act, and is the foundation for managing for results.

During FY97 and FY98, USAID strengthened performance measurement in several ways:

- Expanding **technical assistance** to help operating units sharpen their strategic planning and strengthen their performance indicators.

- Completing **systematic reviews** of operating unit strategies and R4s that assessed performance for every strategic objective in every operating unit. These reviews identified appropriate remedial actions where programs were failing to achieve expected results, and the results were used to help make program and budget decisions.

- Developing formal **Performance Monitoring and Evaluation Guidance** that are aimed at strengthening operating units' capabilities to monitor and evaluate performance by wholesaling best practices, refining standards, and clarifying policies, known as the TIPS series. During FY97 and FY98, TIPS were published covering *Quality Standards for Performance Measurement*, *The Role of Evaluation in USAID,* and *Establishing Performance Targets*.

- Disseminating **Performance Measurement and Evaluation Guidance** in Agencywide cables, such as the Agency's March 1998 message on common indicators.

- Advancing the **state of the art** of performance measurement, particularly in newer goal areas such as democracy and the environment, through indicators working groups, workshops, and seminars.

- Developing and disseminating **indicators handbooks** in democracy and governance, the environment, and population and health.

- Developing a **formal training** program, "Reaching 4 Results," and field-testing it in FY98. Agencywide implementation is scheduled for FY99.

USAID's Leadership in Performance Measurement

USAID has long been a leader in managing for results. Beginning with the Agency's bottom-up strategic planning and performance monitoring efforts in the early 1990s, USAID has worked energetically and effectively to infuse a results orientation in program and budget decision-making. This encompasses development of USAID's strategies for sustainable development (1993), the Agency Strategic Framework (1994), reengineered operations policies and procedures (1995), Results Reports and Resource Requests, or R4s (1996), the Agency Strategic Plan (1997), the Agency's Annual Performance Plan (1997), and annual Agency Performance Reports (since 1993). USAID's programs are more transparent, credible, and effective as a result.

This success has not gone unnoticed. Results-based management is now the goal of nearly every development agency and donor. USAID staff have made presentations and participate in countless workshops sponsored by the DAC, the UN Development Program, the World Bank, and others aimed at sharing approaches. The recent triennial DAC review of U.S. development assistance highlighted USAID's progress and leadership in managing for results. Similarly, recognition has come from the Government Accounting Office, the Office of Management and Budget (for example, in USAID's most recent budget passback), and the National Academy of Public Administration, which asked USAID to host its first interagency workshop on performance measurement in February 1999.

Largely because of these efforts, the coverage and quality of USAID's performance monitoring improved dramatically in FY97. Relatively complete performance information (indicators, baseline, and actuals) was only available for 39 percent of USAID's operational level strategic objectives in FY97. By FY98, however, such data were available for 64 percent of strategic objectives. Since new programs cannot usually expect results data for the first two years, USAID's target is to have data for 80 percent of strategic objectives.

• **Improving Efficiency**

USAID recognizes that performance monitoring can become overly bureaucratic, costly, and elaborate. During FY98, several overseas missions expressed concern that they were spending too much time collecting too much data on too many indicators, for too little purpose. Partners in the PVO and NGO community expressed similar concerns that too much performance monitoring can undercut USAID's ability to achieve results.

USAID takes these concerns seriously. Policy guidance developed in FY98 clarifies that while good performance information is essential, more performance monitoring is not necessarily better. Indicators need to be few and well chosen. Their primary purpose is to signal whether programs are on or off track, not to replace research, evaluation, or management judgment.

The Inspector General, and to a lesser extent the Office of Management and Budget (OMB), the General Accounting Office (GAO), and congressional stakeholders, have emphasized the need to

continuously improve the quality and consistency of USAID's operational-level performance indicators. Improvement is needed to ensure that indicators provide valid and reliable measures of results, better track direct outcomes of initiatives, and improve USAID's ability to link operational results to its goals and objectives. To address these concerns, the Agency is rethinking features of its managing for results system to simplify reporting requirements and improve the use of performance information in decision-making.

• **Agency Evaluations**

USAID emphasizes evaluation as a basis for understanding performance monitoring data, reaching judgments about what works and what doesn't, and taking action. Evaluation underlies decision-making at the operational and Agency level. Under USAID's new operations policies, every staff member is responsible for managing for results; for developing clear objectives and strategies; for selecting appropriate performance indicators and data; and for gaining a thorough understanding, based on evaluations, of why performance is good or bad. However, although new operations policies strengthened managers' evaluation responsibility, they also made requirements for formal evaluations far more flexible.

During the past several years, the number of **operational level evaluations** received in Washington dropped substantially, from 489 in 1994 to 270 in 1996 and 183 in 1997. This decrease was, in part, intentional. Many past evaluations were conducted simply to meet bureaucratic requirements and had little impact. When USAID developed the new R4 system of management and

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reporting, it encouraged Missions to institutionalize much of the analytic thinking formerly done in evaluations. The Agency does not yet know whether the falloff in formal evaluations is counterbalanced by analytic work at a less formal level. However, management shares concerns expressed by the Inspector General, GAO, and OMB about the status and quality of evaluations in the field. To address these concerns, USAID began an intensive assessment of the status of operational evaluations during FY99 that will provide the basis for additional policy, guidance, or training in FY2000.

Each year, USAID updates an **agenda of Agencywide evaluation studies** conducted by the Center for Development Information and Evaluation. These central evaluations address performance issues that cut across Agency goal areas, are highly visible, or are controversial. They also cover areas where there are substantial internal differences of opinion or where the Agency wants an independent and disinterested assessment. The findings and lessons learned from these evaluations are disseminated widely to USAID staff, partners, and the broader development community, and are often translated directly into new policies and practices.

In FY97 and FY98, USAID's central evaluations included *Democratic Local Governance* (Bolivia, Honduras, Mali, the Philippines, Ukraine), *Food Aid* (Bangladesh, Ethiopia, Honduras, Indonesia, Sahel), *Postconflict Electoral Assistance* (Angola, Cambodia, El Salvador, Ethiopia, Mozambique, Nicaragua), *Girls' Education* (Egypt, Guatemala, Guinea, Malawi, Nepal,

Pakistan); *Capital Markets* (India, Kenya, Morocco, the Philippines, Romania) *Graduation Strategies*, *Reengineering Stocktaking*, and the *Enterprise Funds Special Study*. Ongoing evaluations and studies initiated in FY98 cover democracy and cross-sectoral linkages, emergency assistance, durable partnerships, and the state of the art of Agency evaluations.

A number of these evaluations—such as the assessment of girls' education, the reengineering stocktaking, and the enterprise fund special study—have already changed Agency policy and practice. The principal findings and lessons learned from these evaluations are reflected in the substantive chapters of this report and are summarized in Annex B.

- **New Performance Information Databases**

In FY97 and FY98, USAID assembled a new **Performance Monitoring and Analysis database** of operational level results from R4s to support analysis for the Agency's Annual Performance Report. Increasingly, USAID uses this database for supplementary analyses to inform program and budget decision-making. The Agency used the database for the following tasks in FY98:

- Analyze the distribution of operational level results in relation to the goals and objectives of the Agency strategic plan.

- Measure operating unit capacity to report on performance, and to identify units, geographical regions, goal areas, and Agency objectives still having difficulties putting performance monitoring plans in place.

- Compare results of different processes for assessing performance in order to improve the efficiency of the annual review process.

- Help operating units prepare strategic plans and results frameworks by providing data on existing indicators.

- Investigate how cross-cutting development tools, such as information and communication technology, support achievement of the Agency strategic plan.

- Begin tracking quality of performance measurement data, the source of indicator data, and the time period of data—issues of concern to the Inspector General.

In FY98, USAID also created a database of **country development trends** to analyze its progress toward Agency goals and provide a framework for assessing development need and potential.

- **Improving Access to Development Information**

Lessons from policy analysis and evaluation must be widely available and easily accessible if they are to be applied. For the past 20 years, USAID has led the donor community in assembling its institutional memory and disseminating information on development experience throughout the Agency and beyond. This includes extensive evaluation publications and tailored responses to 40,000 user information requests each year. More recently, USAID expanded access to this information through electronic dissemination and a widely acclaimed website.

USAID Public Internet Address

http://www.info.usaid.gov

Development Experience Clearinghouse

http://www.dec.org

In FY97 USAID reorganized the management of information to better serve the U.S. public. A request for information could arrive at any point in the USAID system and would have to be referred to the correct office, then to the knowledgeable officer for a response. Beginning in 1997, the public information section of the Legislative and Public Affairs Office, the Center for Development Information and Evaluation library, and the Global Office of Business Development combined their public information resources and activities in the **Information Center**. The center provides library services, on-line research, e-mail, postal services, and walk-in communication. It gets the right information from the right source to the customer quickly. In 1997, a website was one of the first services offered. Customer requests, or hits, have increased from 16,000 per month in 1997 to 67,500 per month in 1998. The combined information services give U.S. taxpayers better information faster, on demand. Development professionals get the same benefits and can now spend more time on development and less on responding to requests for information.

III. ENHANCED MANAGEMENT CAPACITY TO ACHIEVE RESULTS AND DELIVER DEVELOPMENT ASSISTANCE RESOURCES

Even with strong substantive leadership—with the best policies, technologies, partners, and performance information—USAID cannot remain a premier development agency unless it excels in delivering development assistance. To achieve the best development results, USAID must manage its financial resources, grant and contract services, human resources, information resources, and program operations as efficiently and effectively as possible.

More Effective Program Operations

In late 1993, USAID began to reengineer its operating system—the processes involved in planning, approving, and carrying out work and monitoring and evaluating the results, as well as supporting management and information systems. The new operating system, detailed in three chapters of streamlined directives (the Automated Directives System), has been official Agency procedure since October 1995.

The new system is predicated on core values Agency staff identified as critical to success: 1) programs should be oriented toward **results,** rather than narrowly defined inputs and outputs; 2) perspectives of USAID's end-users, **customers,** should inform how activities are designed, carried out, and evaluated to ensure that intended results are valued and sustained; 3) **teamwork** among USAID staff and partners will prevent the delays and reversals typical of bureaucratic, sequential decision-making; 4) teams should be delegated authority (**empowerment**) so they can achieve the results for which they are accountable; and 5) valuing **diversity**.

Greater Development Effectiveness Through Flexible Results-Oriented Programming

USAID/Bolivia helped create Prosalud, a nongovernmental organization that delivers community-based health services in two large municipalities. When the government began decentralizing and putting local governments in charge of local health programs, the demand for Prosalud services increased dramatically. Before USAID reengineered, it would have taken more than a year to get approval for a project amendment enabling Prosalud to expand to additional municipalities. Under the new system, a strategic objective team of USAID staff and partners was empowered to shift resources and redesign its support for Prosalud. USAID immediately began to help Prosalud meet this larger opportunity.

Development work often requires learning from mistakes. USAID/Madagascar hypothesized that economic opportunities for people living on the periphery of a protected nature reserve would encourage them to use natural resources rationally and not destroy them. However, results showed continued pressure on the protected resources. USAID learned that it had failed to consider internal migration. By creating economic opportunities, it had inadvertently created "growth poles" that attracted new immigrants to the edge of the parks. The Agency decided to reorient the program by creating economic opportunities for people in areas farther away—areas from which people tended to migrate to the parks. Under the Agency's old project approval process, these changes would have required lengthy consideration in Washington. Because the Mission's strategic objective teams were empowered to decide how best to achieve the objective, USAID was able quickly to reorient its work to protect the biodiversity of Madagascar.

In early 1998, USAID conducted a stocktaking to assess staff and partner perceptions of how well the Agency has reoriented its operations toward these values and how the reforms have affected program operations. Performance information and the perspectives of customers and partners are incorporated regularly into Agency decision-making, the assessment found. However, while most respondents (87 percent of staff and a large majority of partners) said the increased emphasis on results had improved Agency work, most also identified serious unintended consequences. These include excessive time burdens on staff and partners, and overly quantitative and short-term indicators that did not adequately capture significant development results, such as increased institutional capacity. As a result, USAID adopted measures to streamline performance reporting in late 1998.

The stocktaking also revealed a need for more visible leadership of the reform process, and for greater clarity in the new procedures. Staff and partners faulted conflicting or inadequate guidance that sometimes caused duplication of effort. Some called for better Agency monitoring.

As a result, since April 1998 the Management Bureau and the Policy and Program Coordination Bureau have worked together on an Operations Governance Team to resolve uncertainties in operational policies and procedures. By mid-1998, the team had made the Agency's directive system more accessible to staff and partners. It also ensured that interrelated problems in performance management were being addressed. The team assembled other teams to prepare guidance on issues ranging from how to engage partner participation to establishing minimum requirements for obligating funds.

Human Resources Management

To manage its programs for results, USAID must have the right people with the right training and skills, in the right places, at the right time. Over the past decade, however, USAID's human resource capacity has been severely constrained by cuts in staff and in the Agency's operating budget. The steady decline in the number of seasoned foreign service officers is a primary concern. The foreign service staffing level, for example, declined by 4.5 percent during FY97 and again in FY98. The total number of U.S. direct-hire staff, including civil service employees, also declined by 3 percent in each of those years. Continued staff reductions, coupled with limited hiring, are eroding the Agency's capacity to operate effectively.

To address these staffing concerns, the Agency Administrator convened a task force to recommend a process for workforce planning, decision-making, and management. The task force completed its work in FY98 and made recommendations on the composition of staff needed to fill critical positions and maintain vital overseas staff.

As a result, USAID established a management council of the Agency's most senior executives, charged with making corporate decisions on workforce requirements. The council commissioned internal studies to determine the appropriate size of Washington head-quarters staff, technical staff requirements, and deployment of staff overseas.

Despite an unplanned reduction in the training budget, USAID developed new and innovative training courses on management, operations, procurement, and technical skills development and trained 4,833 staff worldwide.

In addition, the Agency developed a framework for a new Leadership and Program Operations course, consisting of five skills-based modules. Initial pilots are scheduled to be implemented in February 1999. USAID conducted workshops in FY98 to train USAID staff on strategic planning, activity implementation, performance monitoring and evaluation, and acquisitions and assistance planning and administration. Agency staff served as facilitators and provided practical applications in each area. Other employee training included orientations for new Mission directors and employees, ethics and overseas security seminars, computer and technical skills classes, and the Procurement Management Certification Program.

Acquisition and Assistance

With efficient and effective acquisition and assistance, USAID can work with the best contractors and grantees at the lowest cost. During the past several years, the Agency has concentrated on improving the acquisition and assistance process by enhancing internal and external communication with employees and partners and testing innovative contracting techniques. The Agency's website was expanded during FY98 to provide more procurement-related information, both internally and externally. The website includes information on grants and cooperative agreements, and is maintained with ongoing input from the recipient community and

Agency contracting and technical personnel. To ensure an open dialog on the contract/grant process, the Agency held regular meetings and training sessions with organizations of contractors and grant recipients to exchange information and address issues of concern.

Feedback from the recent reengineering stocktaking, however, indicates that both USAID staff and partners still view acquisition and assistance processes as overly bureaucratic and time-consuming. In recognition of these concerns, an FY98 Agency task force recommended expanding technical training and streamlining acquisition and assistance processes to make them easily understandable and consistently applied. The task force recommendations led to creation of an acquisition and assistance advisory panel, chaired by the Agency Procurement Executive, which establishes a process for Agency-wide participation in procurement policymaking.

USAID held several seminars on contract and grants management for both contracting and program staff. A desktop guide for nonprocurement personnel is being developed to supplement learning from seminars and formal courses. The Agency also awarded contracts during the fiscal year for training technical personnel who serve as cognizant technical officers for acquisition and assistance instruments.

USAID tested several new initiatives to expedite the process during FY98. These include, for example, "fast track" competitive procedures for certain indefinite quantity contracts. The contractor is selected primarily based on past performance and price: a full-blown technical proposal is not

required. The Agency is trying a leader-associate grant arrangement, in which USAID/Washington and field Missions award a series of contracts from one competition. The Agency is designing two other pilot programs—a multiyear approval of contractors' subcontracting plans, and a contractor purchasing system review to replace approval of individual subcontracts.

Information Resources Management

While information is the lifeblood of any enterprise, USAID's results orientation and commitment to teamwork and partnership make easy availability of information crucial. In the mid-1990s, USAID began developing an ambitious corporate information system, called the New Management System, to meet these needs. By 1996 and 1997, it had become increasingly clear that the system, as initially designed, would not perform as planned. In FY97 and FY98, the Agency moved aggressively to implement needed improvements in information planning and management capabilities to get the Agency's information systems back on track.

- **Capital Planning, Implementation, and Monitoring**

During FY98, the Agency began implementing a new information technology management strategy to improve compliance with 1) the Clinger–Cohen Act, which governs spending for information technology; 2) the Government Performance and Results Act; and 3) Raines's Rules, which cover Agency

investments in information technology. The new approach identifies and incorporates industrywide best practices and lessons learned to improve management discipline and program performance.

The Agency created the Capital Investment Review Board, chaired by the chief information officer, to manage its information technology portfolio. The board implemented a process for selecting technology and is developing monitoring and evaluation processes and corresponding policy. The board reviewed and approved selection of Year 2000 (Y2K) compliant office suite software and personal computers for Agency-wide use.

The Agency strengthened information management by adopting a well-known, disciplined methodology for software acquisition, the Capability Maturity Model. USAID developed a four-year implementation plan to build capacity in this area and move from level 1 (undisciplined acquisition standards and procedures) to level 3 (significantly more discipline and efficiency). Training is an integral part of that plan, and the Agency completed the first phase of instruction in FY98.

In May 1998, the General Services Administration awarded a contract to provide the Agency with specialized management advice, expertise, and support. Work performed under this contract will use performance-based contracting to the maximum extent possible.

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In 1998, USAID finished relocating headquarters staff from 11 locations to the Ronald Reagan Building, which facilitates communication among USAID employees and improves productivity.

- **New Management System**

The New Management System (NMS) was intended to integrate the Agency's business operations and improve USAID's ability to capture, manage, and report on strategic goals and objectives. Because of constrained resources, in FY98 a newly appointed management team began to utilize emerging technology and to prioritize requirements. The team changed the Agency's approach. Instead of managing software development directly, it moved to managing software acquisition. The team took steps to discipline the overall management of information technology and specifically the NMS.

The Agency chartered an NMS executive team to establish performance measures for USAID programs and to measure performance against schedule and cost objectives, program and functional requirements, and time and quality goals. The team developed a corporate approach to ranking requirements—ranking them within the confines of time, budget, and human resources, judging risks from an Agencywide perspective.

In support of this effort, contractors under the oversight of the Government Services Agency conducted an independent review of NMS. They recommended alternatives to repair and replace NMS modules that were not functioning as well as planned. The review prompted a change from a fully tailored management information system like the NMS to consideration of alternatives that have recently become available in commercial off-the-shelf packages.

The new contract for information technology support and expertise consolidates technical management of the NMS and other information technology programs. The contractor introduced a disciplined, comprehensive approach to the acquisition, integration, life-cycle management, and operation of USAID's information technology resources. This management approach provides accurate information on progress in maintaining and improving the NMS.

- **Year 2000 Conversion**

Until FY97, USAID expected that the NMS would address many of the Agency's Y2K requirements. With the failure of the NMS to perform as planned, USAID had to address a wider range of Y2K issues. During FY98, the Agency placed a high priority on preparing for Y2K, consolidating Y2K program management under the new information technology administration contract and receiving a full range of Y2K services. USAID moved responsibility for Y2K program management into a line position reporting directly to the chief information officer.

The Y2K conversion is multifaceted and affects administrative and program operations in the United States and in the overseas Missions, with customers, partners, and stakeholders. Among the 1998 highlights:

- USAID completed a benefit–cost analysis of proposals for making desktop computer resources Y2K compliant. The capital investment review board determined the most cost-effective, best-value options. USAID completed blanket purchase agreements to facilitate Agency-wide acquisition of Y2K personal

computers and desktop software. The Agency is now ready to implement that in offices worldwide.

- USAID completed an Agencywide survey of its noninformation systems assets, such as elevators and heating/air-conditioning systems. The survey revealed USAID facilities contain relatively few devices vulnerable to Y2K problems. Where there are potential problems, the Agency is addressing available alternatives directly with the supplier of the device.

- USAID Missions have completed more than 80 percent of necessary telecommunications routing equipment upgrades; USAID/Washington has completed more than 90 percent. The Agency's Y2K program coordinators are developing contingency plans for alternative communications and operations in the event of a local power source failure.

The Agency has completed the first two of four steps needed to address Y2K technology problems: assessment and inventory of modification needs and prioritization of critical systems. The third step, making modifications, is in progress, and testing is planned once the updates are completed.

Financial Management

Strong financial management is essential in linking resources to results. During FY98, USAID continued to address deficiencies in financial management operations and systems. The Agency's financial accounting system, the Worldwide Accounting and Control System, was evaluated in the independent review of the NMS. The review confirmed that significant improvements are needed and recommended alternatives to meet financial management needs.

The Agency chose a three-pronged strategy to improve the efficiency and effectiveness of financial accountability and reporting. It is purchasing an off-the-shelf core accounting system, using services from other government agencies, and contracting out some functions to the private sector. The Agency completed a business process improvement analysis during FY98 that will help define requirements for a new accounting system. USAID expects to implement the new system in USAID/Washington in FY2000 and in the Missions in FY2001. In the interim, the Agency is working closely with the Office of the Inspector General to improve financial management and produce better financial statements.

In FY98, the Agency signed an agreement with Riggs National Bank to handle loans management. USAID also formally agreed to a cross-servicing arrangement, whereby the Department of Health and Human Services handles some processing functions for certain grants. Both of these operations are lower cost options than in-house processing and should be fully functional within a year.

Administrative Services

In 1998, USAID finished relocating headquarters staff from 11 locations to the Ronald Reagan Building. The consolidation facilitates communication among USAID employees and improves productivity by eliminating the need to transport employees between buildings.

During 1998, USAID led and contributed to a number of important activities that have placed people with disabilities more prominently on the U.S. foreign affairs agenda. The Agency spokesperson for disabilities aggressively promoted inclusion of people with disabilities in USAID activities.

IV. CONCLUSION

USAID is a complex organization operating in a complex and uncertain world. Throughout its life, the Agency has been a leader in the development community. Many of the most successful development initiatives start with USAID and spread to the work other donors are doing. The question is whether USAID can maintain its leadership given reductions in staff and funding and the new challenges it faces.

USAID is more than the sum of its parts. Its Missions, central and regional bureaus, and the Global Centers of Excellence work together to produce results. USAID collaborates successfully with other parts of the U.S. government, with other multilateral and bilateral donors, and with the U.S. private sector (be it businesses, universities, or voluntary organizations), mobilizing broad coalitions to accomplish U.S. foreign policy goals.

This is not to deny the challenges that are ahead. Contracting, financial management, information systems, performance measurement, and personnel have all presented difficulties in the past, some of which are not yet completely resolved. Perhaps the most remarkable thing is that USAID is addressing these challenges while it continues to "do" development successfully around the world.

This report is intended to demonstrate USAID's triumphs and accomplishments, along with its difficulties and setbacks. Overall, the Agency believes it provides a record of motivated, skilled individuals working in difficult circumstances—both in Washington and abroad—to make the world a better place for people. That is the essence of what it takes to be a premier development agency.